

REQUESTED BY: GRAY, CHRISTYNA L

O F F I C I A L U S E O N L Y

DEPARTMENT OF HOMELAND SECURITY ICE		TECS ACCESS CODE 3	
R E P O R T O F I N V E S T I G A T I O N		PAGE 1	
TITLE: CHAO CHEN ET AL		CASE NUMBER [REDACTED]	
CASE STATUS: INTERIM RPT			
REPORT DATE 062415	DATE ASSIGNED 061614	PROGRAM CODE 439	REPORT NO. 057
RELATED CASE NUMBERS:			
COLLATERAL REQ:			
TYPE OF REPORT: INVESTIGATIVE FINDINGS			
TOPIC: PROFFER SESSION CONDUCTED WITH DU LI ON JUNE 17, 2015			

SYNOPSIS:

On June 4, 2014, Homeland Security Investigations, Orange County (HSI/OR) was contacted by the Irvine Police Department (IPD) concerning an anonymous tip. The tip stated in part that an individual identified as Chao CHEN was residing in the United States via marriage fraud, as was his true wife, Jie ZHU. Furthermore, the anonymous tipster provided address information regarding CHEN and detailed a fraud scheme in which CHEN and Dongyuan LI are actively housing pregnant Chinese nationals in possible violation of U.S. law. CHEN and Dongyuan LI are alleged to be charging \$30,000 to \$50,000 dollars and collecting that fee in cash to avoid paying Federal and state taxes. The actions of CHEN and Dongyuan LI may represent a violation of numerous laws, including but not limited to Title 18, U.S.C. Section 1546 (Visa Fraud).

The following report details a proffer session conducted with Du LI ("LI") on June 17, 2015.

DISTRIBUTION: ASCOR SACLA CABJ	SIGNATURE: _____	
	EASTMAN JEFFREY S SPECIAL AGENT	

	APPROVED: _____	
	SHOWALTER DANIEL P OI GRP SUPERVISOR	

	ORIGIN OFFICE: OR SANTA ANA (ORANGE CO)	TELEPHONE: [REDACTED]
	TYPIST: EASTMAN	

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C O N T I N U A T I O N

CASE NUMBER [REDACTED]

REPORT NUMBER: 057

CASE PROGRAM CODES:

439 CUC OP PARAISO (LA)	6D8 BFU - CALIFORNIA	B7U TECHNICAL SURVEILLAN
YP0 BENEFIT FRAUD	6C1 EMPLOYERS OF UNAUTHO	111 COMPUTER FORENSICS
YS1 CTCEU NS VIOLATOR		

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DETAILS OF INVESTIGATION:

On June 17, 2015, a proffer session was conducted with LI at the U.S. Attorney's Office located at 411 West Fourth Street, Suite 8000, Santa Ana, California. LI was represented by her counsel, Ed Welbourne and assisted through the session by a Mandarin speaking interpreter, Yao Sue. HSI/OR SA Jeff Eastman, IRS/CI SA Josh Yim and AUSA Sandy Leal were present for the government.

AUSA Leal stated to LI that she had follow-up questions from the last proffer session but wanted first to be certain that LI understood the proffer letter she had signed. LI signed a new proffer letter, as she had previously been represented by different counsel. AUSA Leal advised LI to tell the truth and to not hold any information back.

AUSA Leal asked LI how it came about that LI had hired Ken Liang. LI stated that a friend, Jun Xiao had found Liang for "us." LI clarified that she meant the people at the club. LI stated that a friend of Jun Xiao had referred Liang to Jun Xiao. LI stated that she didn't speak directly to YouWin about hiring an attorney but that everyone at the center wanted an attorney after the search warrants. AUSA Leal asked LI if any of the YouWin employees, such as Dongyuan, Lili Li, Diana (Agent's Note: Diana's legal name is Hanmo Zhang) or Big Pang (Agent's Note: Pang's legal name is Zhixin Pang) had spoken to the clients about what to do or say after the search warrants. LI stated that no one had so instructed them.

LI stated that after the search warrant, the clients wanted to speak with YouWin because YouWin had claimed they were the only legal birthing center. LI stated that she and other clients attempted to contact YouWin via WeChat but that YouWin avoided their responsibilities. YouWin stated that the incident would be handled by others. LI stated that she and others wanted to meet with Dongyuan LI. LI stated that Lili Li from the Beijing office of YouWin was the person who responded to her. When asked by AUSA Leal if she, Du LI, still had said WeChat messages, LI stated that she no longer did as she had deleted them because the system was getting full. LI stated that Ken Liang did not instruct her to delete WeChat messages.

LI stated that Mr. Zhu prepared her visa application (Agent's Note: Mr. Zhu's legal name is Weiwei Zhu). AUSA Leal asked how LI's former boyfriend's information was provided to Mr. Zhu. LI stated that Mr. Zhu asked for that information. Mr. Zhu stated that LI's actual husband's age was too old, the age difference and that her boyfriend's information would be better. LI stated that her boyfriend also had a travel history, traveling outside of China. LI stated that Mr. Zhu was in Shanghai and was in charge of a travel agency. LI stated she only spoke with Mr. Zhu on the telephone and received his number

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from YouWin. An individual at YouWin, Wen Xin, is the employee who referred LI to Mr. Zhu. LI stated that all the airline flights were booked by Mr. Zhu in advance of LI's trip to the United States. LI clarified that she spoke to Mr. Zhu while she was in Hawaii about a date change in returning to China from Los Angeles.

AUSA Leal asked LI if Mr. Zhu explained the reasoning behind flying into the United States via Hawaii versus entering at Los Angeles International Airport ("LAX"). LI stated that Mr. Zhu had informed her that it was harder to get into LAX, that Hawaii was much easier. LI said that Mr. Zhu probably meant that LAX might send them back. LI said that LAX might send them back due to their pregnancy and that getting into the United States via Hawaii was far easier. LI stated that she was told by Mr. Zhu to book a tour package in Hawaii and that Mr. Zhu provided said tour. LI stated that she understood the reason she entered the United States via Hawaii was because it would appear to Customs that she was on a tour. LI said her travel and tour package were booked at Mr. Zhu's instruction. LI stated that Mr. Zhu did not explain the true intention of the tour package openly, but that LI understood why Mr. Zhu was asking her to book a tour, i.e., to utilize the tour package to facilitate entry. Mr. Zhu also told LI to bring under \$10,000 in cash and not to carry over that amount on her person.

AUSA Leal asked LI what type of training Mr. Zhu provided. LI said that Mr. Zhu told her to wear loose clothing to hide the pregnancy. Mr. Zhu told LI to tell Customs that she was on a tour and only to tell Customs that she was pregnant if Customs noticed the pregnancy. LI stated that Mr. Zhu further instructed her to tell Customs if they should ask that she had enough money on her to pay for childbirth. Mr. Zhu did not tell LI to mention that she had already selected a hospital.

Regarding Dongyuan LI, LI stated that she met Dongyuan at the club but never went to Dongyuan LI's house. Dongyuan would stop by the center or club and would bring fruit and visit with the women. LI understood that Dongyuan was the owner of the U.S. portion of the YouWin operation. LI stated that she did not discuss payments with Dongyuan that all funds were paid to the Beijing office of YouWin, to a worker under Lili Li. LI stated that during this time she had Dongyuan's WeChat account on her cell phone and has heard of Dongyuan's husband being a big business owner in China.

LI stated that Big Pang worked for Dongyuan and acted as a general manager, doing the shopping for the center. LI said there was other staff provided by YouWin at the center, two employees for expectant mothers and two more employees for the mothers. LI said there were also nannies but the number depended on how many babies there were at the center and that some nannies were hired from outside the club.

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LI stated that she met Diana at the club in Irvine and that Diana worked for Dongyuan and may have had a share of YouWin with Dongyuan. LI stated that she never saw Diana doing anything; Diana appeared to be a shareholder who was visiting the United States. Diana stayed at the club in Irvine during her visit according to LI. LI stated that she never met Diana in China, only Wen Xin and that she met Mr. Zhu in person when he dropped her off at the airport. LI stated that Mr. Zhu dropped her off at the airport because he had booked her flights. LI was not familiar with the employee named Shirley.

When asked if Jun Xiao had contacted LI after he flew back to China, LI stated affirmatively. LI stated that Jun Xiao asked when she would be going back but that after Ken Liang's arrest, there was no further contact. LI stated that Jun Xiao's family has a hospital and that Jun Xiao has a real estate business. LI stated that Jun Xiao's wife does not work. LI was asked to provide copies of her WeChat messages with Jun Xiao, which LI provided by allowing the agents to copy said messages from her cell phone.

LI stated that Big Pang soon after the search warrant located a few attorneys for them, but the clients didn't trust these attorneys because they were being recommended by Big Pang. LI stated that the clients asked YouWin and Big Pang to start looking for attorneys for them and that they considered Big Pang to represent YouWin. LI stated that one of the attorneys recommended was named Mr. Liu.

LI stated that she gave birth at Fountain Valley Hospital and that Big Pang or someone from the club took her there to register. LI stated that she filled out the hospital forms with Big Pang present and that said forms were written in Chinese characters. LI did not recall if the form asked about her employment or if she had health insurance. LI stated that she had a contract with the hospital to pay \$2600 by credit card and that she paid Dr. Russell Rapoza \$2100 in cash. LI stated that Dr. Rapoza wanted her to pay upfront in cash and that she was asked to pay the Caesarean section price of \$2900 dollars when she signed her contract with Dr. Rapoza, even though the price of a natural birth was \$2100. LI stated that after she delivered her child via natural birth, that LI was refunded the \$800 dollar difference by Dr. Rapoza's office in cash.

STATUS OF INVESTIGATION:

The investigation continues.

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TECS II - LIST OF RELATED RECORDS

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TN007005

3 RECORDS ARE RELATED TO BASE RECORD
ROI COR EASTMAN J 062415

CHEN
SO SUSPECT, OTHER

CHAO

A M 84

SUB-SOURCE

LI
SO SUSPECT, OTHER

DONGYUAN

A F 092777

SUB-SOURCE

CASE COR EASTMAN
CHAO CHEN ET AL

J 061614

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